

SENATE BILL 2751

By Bell

AN ACT to amend Tennessee Code Annotated, Title 48  
and Title 67, Chapter 5, relative to real property  
taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 1, is amended by  
adding the following new section:

(a) As used in this section:

(1) "Inflation" means the most recent percentage change in the consumer  
price index, all cities average, published by the United States department of  
labor;

(2) "Local government" means an incorporated city or town, metropolitan  
form of government, county, or special school district with the authority to levy  
real property taxes;

(3) "New construction" means an addition to real property, including, but  
not limited to, a structure, fixture, or other improvement to real property. "New  
construction" includes an improvement or addition to an existing structure on real  
property; and

(4) "Total revenue" means the gross revenue collected from ad valorem  
real property taxes levied by a local government by category of real property, as  
applicable, during the immediately preceding tax year. This term excludes new  
gross tax revenue that is collected from new construction and collected during  
the immediately preceding tax year.

(b) Except by a referendum election held in accordance with subsection (c), a local government shall not increase a real property tax rate by an amount that:

(1) Would cause the local government to realize an increase in total revenue exceeding inflation plus two percent (2%); or

(2) Would cause the local government to realize an increase in total revenue exceeding inflation plus six percent (6%) over the preceding three (3) tax years.

(c)

(1) The governing body of a local government shall call and direct the county election commission to hold a referendum election to raise a real property tax rate by an amount that exceeds the limitations set forth under subsection (b) upon the adoption by the governing body by a two-thirds (2/3) vote of a resolution calling for a referendum election on the question.

(2) The resolution adopted by the governing body must specify the tax rate that is to be voted on by the electorate, the date on which the tax rate would go into effect, the proposed date of the election, and whether the referendum election is to be held at a special or general election.

(3) If a majority of the qualified voters of a local government voting in an election held under subdivision (c)(1) vote in favor of approving the tax rate specified in the resolution, the local government may increase the tax rate on the date specified in the resolution.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.